

CLASSIFICATION **RESTRICTED**

CENTRAL INTELLIGENCE AGENCY

INFORMATION FROM

FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT

STAT

CD NO.

COUNTRY China

DATE OF INFORMATION 1949

SUBJECT Economic - Currency

DATE DIST. 16 Jun 1949

HOW PUBLISHED Daily newspaper

NO. OF PAGES 2

WHERE PUBLISHED Hong Kong

SUPPLEMENT TO REPORT NO.

DATE PUBLISHED 29 May - 5 Jun 1949

LANGUAGE Chinese

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE SPY ACT OF 1917, U. S. C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Kung-shang Jih-pao.NATIONALISTS PLAN FINANCIAL REFORMSSILVER YUAN TO BE ISSUED -- Kung-shang Jih-pao, 29 May 49

Within a few days the Nationalist Government, with the final approval of Chiang Kai-shek, will issue a new currency called "silver yuan," in both coins and notes, to replace the now worthless gold yuan. This new money will be backed by the gold bullion of the Nationalist Government stored at Amoy and Taiwan, and silver and foreign currencies also owned by the government. The gold bullion at Amoy is said to be over 500,000 liang [one liang equals approximately 1.3 ounces], while the amount stored at Taiwan is even larger. The entire assets of the Nationalist Government, however, are barely enough for a year's military and administrative activities.

FINANCIAL ADJUSTMENT COMMITTEE ESTABLISHED -- Kung-shang Jih-pao, 29 May 49

The Finance Ministry recently appropriated 15 million gold yuan to aid Kwangtung Province in meeting its administrative expenses. Since the gold yuan were almost worthless, however, the province rejected them and requested the sum in Customs yuan. This question has still not been settled.

The Kwangtung Provincial Government, Kuang-chou (Canton) Municipal Government, and Hai-nan Special District Government have decided to establish a "Kwangtung, Kuang-chou, Hai-nan Financial Adjustment Committee." Its purpose will be to coordinate the financial administration of the three governments with money raised by the committee instead of money the Central Government appropriates. The committee will be formally established on 30 May 1949.

Committee members are:

From Kwangtung Province -- Lin K'uang-chen (Ueda: 12870, 953, 4321), chief secretary of Pacification Headquarters; Ou Fang-p'u (984, 9759, 6169),

- 1 -

CLASSIFICATION

RESTRICTED

STATE	<input checked="" type="checkbox"/> NAVY	<input checked="" type="checkbox"/> NSRB	DISTRIBUTION							
ARMY	<input checked="" type="checkbox"/> AIR	<input checked="" type="checkbox"/> FBI								

RESTRICTED

STAT

chief of the Provincial Finance Office; Lin I-chung (4803, 9245, 51), chairman of the Provincial Council; and Hou Kou-hua (313, 1639, 9921), president of the Industrial Corporation.

From Kuang-chou -- Ch'en Ping-feng (12864, 8185, 12485), chief of the Municipal Finance Bureau; Lu Yu-kang (12870), 2909, 803, chairman of the Municipal Council, and Ch'en Po-chuang (12864, 228, 9869).

From Hai-nan -- Ch'iu Kuo-wei (26, 1639, 8879), member of the Hai-nan Reconstruction Committee; and Liang Tsu-hao (4967, 8117, 11022).

NATIONALIST CURRENCY REFORM DISCUSSED -- Kung-shang Jih-pao, 5 Jun 49

Currency reform was the major topic of discussion when important members of the government's financial organs met 1 June 1949 at the Bank of China in Hong Kong. Liu Kung-yun (Ueda: 840, 4231, 9763), Finance Minister, presided. Others present were Hsu K'an, former Minister of Finance; Sung Han-chang (2312, 6499, 8366), chairman of the board of the Bank of China; Hsi Te-mou (2839, 3172, 3552), general manager of the Bank of China; Pien Pai-mei (1021, 7709, 7813), assistant general manager of the Bank of China; and Ho Ya-min (13041, 34, 5935).

Liu stated that, according to a reliable source, there is no problem involved in using the gold and silver stored at Taiwan as a reserve for the new notes. Officials feel currency reform must be enacted regardless of any changes in the cabinet.

It was also stated by a dependable authority that silver yuan coins will be issued for denominations of one yuan or more and silver yuan certificates for denominations of less than one yuan. How to prevent the Communists from absorbing the silver yuan remains a problem.

- R N D -

- 2 -

RESTRICTED

RESTRICTED

STAT

chief of the Provincial Finance Office; Lin I-chung (4803, 9245, 51), chairman of the Provincial Council; and Hou Kou-hua (313, 1639, 9921), president of the Industrial Corporation.

From Kuang-chou -- Ch'en Ping-feng (12864, 8185, 12485), chief of the Municipal Finance Bureau; Lu Yu-kang (12870, 2909, 803), chairman of the Municipal Council, and Ch'en Po-chuang (12864, 228, 9869).

From Hai-nan -- Ch'iu Kuo-wei (26, 1639, 8879), member of the Hai-nan Reconstruction Committee; and Liang Tsu-hao (4967, 8117, 11022).

NATIONALIST CURRENCY REFORM DISCUSSED -- Kung-shang Jih-pao, 5 Jun 49

Currency reform was the major topic of discussion when important members of the government's financial organs met 1 June 1949 at the Bank of China in Hong Kong. Liu Kung-yun (Ueda: 840, 4231, 9763), Finance Minister, presided. Others present were Hsu K'an, former Minister of Finance; Sung Han-chang (2312, 6499, 8366), chairman of the board of the Bank of China; Hsi Te-mou (2839, 3172, 3552), general manager of the Bank of China; Pien Pai-mei (1021, 7709, 7813), assistant general manager of the Bank of China; and Ho Ya-min (13041, 34, 5935).

Liu stated that, according to a reliable source, there is no problem involved in using the gold and silver stored at Taiwan as a reserve for the new notes. Officials feel currency reform must be enacted regardless of any changes in the cabinet.

It was also stated by a dependable authority that silver yuan coins will be issued for denominations of one yuan or more and silver yuan certificates for denominations of less than one yuan. How to prevent the Communists from absorbing the silver yuan remains a problem.

- E N D -

- 2 -

RESTRICTED